

5/30/78 [2]

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Memo	Thomas Farmer to Pres. Carter, w/attachments 26 pp., re: Issues for IOB meeting <i>opened per RAC NLC-126-12-37-1-8, 4/17/13</i>	2/7/78	A

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of Staff Sec.-Presidential Handwriting File 5/30/78 [2] Box 87

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THE WHITE HOUSE

WASHINGTON
May 29, 1978

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ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN
FRANK MOORE FM/BB

SUBJECT: Comprehensive Test Ban Treaty

Initial Hill reaction to Friday's news of a tentative agreement on the CTBT has been sketchy because of the holiday recess. But we expect sharp reaction from conservatives when the Congress reconvenes in light of reports that the Treaty calls for a zero yield test ban and not some formula for low-level nuclear testing. The debate on CTBT will almost certainly be a preview of the SALT debate. Therefore, the terms of the CTBT and how we prepare the Hill for submittal will be an important indicator to the Hill of how we intend to deal with the politics of SALT.

The recent and strong anti-Soviet sentiment on the Hill makes the climate for approval of a CTBT very difficult. Given the importance of this Treaty to the eventual outcome of SALT, the terms of the CTBT, the terms of the debate (e.g., US security interests and Soviet reliability), the Senate line-up (pro and con), and the Administration lobbying effort -- these all have consequences well beyond the eventual outcome of the CTBT debate. If the Treaty is perceived as weak and potentially detrimental to U.S. security interests, then we will be in deep trouble. Moderates like Nunn and Hollings could join forces with conservatives like Garn and McClure to defeat us, forming an alliance which could, if continued past CTBT in an anti-Soviet posture, spell disaster for SALT. Additionally, since it is well known that the JCS oppose a zero yield test CTBT (Dave Jones stated opposition during his confirmation hearings), questions will be raised about our ability to rally the military around SALT which is perceived by all sides as critical to its success. Finally, if CTBT contains zero yield, then we must to some extent trust that the Russians will not explode smaller undetectable weapons. Even with strong verification measures, it will be very difficult to convince anyone on the Hill that the Russians, at least recently, are at all trustworthy.

Despite these potential problems, however, there is strong support for some CTBT on the Hill. This support goes well beyond liberals and if properly cultivated, could form a strong base for our SALT effort.

ADMINISTRATIVELY CONFIDENTIAL

Since the terms of the CTBT are not yet determined, it is difficult to give an accurate appraisal of our situation in the Senate. Senator McClure has been the leading opponent of CTBT, but we expect Senator Jackson to join him in opposing the Administration if the Treaty contains a zero yield test ban or there are serious questions about verifiability. Senators Nunn, Stennis, and Robert Byrd have not, to our knowledge, publicly taken a position on CTBT, but their support will be critical and should be sought immediately. Depending on the terms of the Treaty and its verifiability, we may be able to gain conservative support with substantial pre-submittal consultation. We expect favorable reaction to any CTBT in the SFRC, but we should expect Baker to be very critical. Senator Glenn will be our most important ally on the Committee but he is not yet committed.

Whatever the final decision on the terms of a CTBT, we will need adequate time for extensive consultation on the Hill. If we handle CTBT properly, it could be a great plus for our SALT effort. If we lose the initiative and find ourselves on the defensive, however, we can expect a negative fallout on SALT -- and difficulty passing a CTBT.

2392

Signed
5/29/78

THE WHITE HOUSE
WASHINGTON
May 30, 1978

Bob Lipshutz
Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

AERONAVES DE MEXICO

THE WHITE HOUSE

WASHINGTON

May 28, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Sh*
BOB LIPSHUTZ
SUBJECT: CAB Decision: Aeronaves De Mexico --
Docket 32265

This Civil Aeronautics Board decision would authorize Aeronaves De Mexico to serve 13 new routes provided for in the recent U.S.-Mexico bilateral aviation agreement.

The U.S.-Mexico bilateral agreement is the most pro-competitive agreement this country has ever signed, with both U.S. and Mexican carriers receiving many new routes.

All agencies and we recommend that you sign the attached order.

Approve ✓

Disapprove _____

2798

THE WHITE HOUSE
WASHINGTON

May 30, 1978

Richard Harden

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling. Please forward the attached letter.

Rick Hutcheson

LETTER TO MISS LILLIAN

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

*for
2/11/72*

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

THE WHITE HOUSE

WASHINGTON

June 2, 1978

To L. Han Carter

I'm very glad that
Florida State University
and many others have
recognized what I have
known for a long time -
that your life exemplifies
a commitment to the
truly humane service of
others. You make all of
us who love you very
proud.

Jimmy

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 25, 1978

TO: SUSAN CLOUGH
FROM: JERRY DOOLITTLE *JD*
SUBJECT: Honorary Degree for Miss Lillian

I'm sending this along to you as Richard suggested (see attached), although I'm uncomfortable about the whole thing. I'm sure the President would want to do this himself.

Possible language: "My warmest congratulations to you. And my thanks to Florida State University for the honor it has paid you."

THE WHITE HOUSE

WASHINGTON

May 24, 1978

MEMORANDUM FOR:

JIM FALLOWS

FROM:

RICHARD HARDEN

SUBJECT:

Presidential Remarks

On June 2nd Miss Lillian will be in Tallahassee to receive a degree of Doctor of Humane Letters from Florida State University. She was chosen by the Honorary Degree Committee of the University to receive this year's award because of her extensive humanitarian efforts in general and her work in the Peace Corps in particular. Depending on the accomplishments of the year's awardee, the University awards honorary degrees in Science, Law, etc. As an example, King Hussein received a degree a couple of years ago.

I will be going to Tallahassee on Thursday, June 1st, to join up with Miss Lillian and would like to take some form of congratulatory letter or greeting to her and/or the University from the President. I will leave the format to your best judgment. However, I would suggest that the material be submitted in draft form to Susan Clough so that she can have the President review it to ensure that it is personal enough to appear as though he personally wrote it. Therefore, could you please get a draft to Susan by Tuesday so that I can be sure to have a final to take with me on Thursday.

Thanks very much.

cc: Susan Clough

THE WHITE HOUSE
WASHINGTON

May 30, 1978

Bob Lipshutz

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE GUIDELINES ON REPORTING ABUSES
TO CONGRESS UNDER EO 12036

DECLASSIFIED
Per, Rac Project
ESDN: NLG-126-12-37-1-8
BY RS NARA DATE 7/16/13

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION -

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

To Lipschutz.

I prefer Inouye
letter, but am willing
for Stan or AG
to see me personally
if necessary to
expedite reporting to
Congress

THE WHITE HOUSE
WASHINGTON
INTELLIGENCE OVERSIGHT BOARD

May 25, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

THOMAS L. FARMER
CHAIRMAN

TLF JCO

SUBJECT:

Guidelines on Reporting Abuses to Congress
Under E. O. 12036

1. SUMMARY

At our last meeting, you asked the IOB to draft and coordinate with David Aaron guidelines implementing Section 3-4 of E. O. 12036, ensuring your control of the reporting process. You indicated that the guidelines should track your July 12, 1977, letter to former Senate Intelligence Committee Chairman Inouye, and should preserve a cushion of time for you to review determinations and direct corrective action, with the benefit of independent staff judgment and analysis of the facts. The "Inouye letter" and pertinent portions of our briefing paper from that meeting are at Tab A.

Proposed guidelines were sent to the CIA and the Justice Department and David Aaron for comment. Our discussion with the agencies reveals a fundamental difference of approach. The Board feels that the paramount principle is Presidential control of the Executive oversight process and of reporting to Congress, and that, except for extraordinary circumstances, this objective outweighs the benefit of reporting to Congress as rapidly as possible. You have indicated that you want adequate opportunity to consider proposed remedies and the timing of informing Congress from the Presidential perspective, under consistent standards and free from institutional pressures at the agency level.

However, CIA and, to a lesser extent, Justice have indicated that they consider speedy reporting to Congress paramount, even if as a result there might be little or no opportunity for meaningful Presidential review. We believe such an approach would preclude effective oversight at the White House level.

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BY: KS NARA DATE: 4/16/73

2. PROPOSED GUIDELINES

Guidelines tracking your letter to Senator Inouye are at Tab B. They would be implemented by a memorandum from you to the DCI, the Attorney General and the Secretary of Defense.

Each agency would continue to report activities which raise questions of legality or propriety to the IOB, or in pressing situations, directly to you. In either case, you would first review determinations that an activity is illegal or improper, the proposed corrective action and the manner and timing of reporting to the Congress. Thereafter, Congress would be informed. Minor matters could be reported to the Congress immediately, and an agency head at any time could suspend a questionable activity pending formal determination.

3. CIA POSITION

The Board discussed the reporting issue at some length with Adm. Turner. He reconfirmed his view that the DCI should be free to go directly to the Congress as soon as he thinks it is appropriate. Adm. Turner said that both he and the congressional committees understand your letter to Senator Inouye, and the Executive Order, as permitting agency heads to brief Congress on matters of legality and propriety without necessarily waiting for prior Presidential review.

Moreover, it is now clear that the CIA is not following the standard set by E.O. 12036 in what they do report to Congress. Section 3-4, like the Inouye letter, authorizes reporting to Congress when there has been a determination that an activity is in fact illegal or improper. However, the CIA has been reporting to Congress matters which they deem to raise a question of legality or propriety, even if the CIA has not yet concluded they are illegal or improper.

4. JUSTICE POSITION

Attorney General Bell finds no legal problem with requiring that Congress be informed only after you determine the manner and timing of reporting to the Congress. However, he raises three policy concerns for your consideration: that the proposed guidelines would unduly burden you and retard reporting to Congress; that, in any event, it might be

viewed by Congress as an attempt to thwart prompt, complete reporting; and that agency heads need to report major questions to Congress immediately, especially if a news story is imminent. The text of his comments is at Tab C.

5. ISSUES

a. Should agencies report to Congress any matter which raises questions of legality and propriety, or only matters determined within the Executive Branch to have been abuses?

b. Should there be a specific deadline after which an agency may report to Congress, even if you have not yet reviewed whether an activity is improper or determined what corrective action is necessary, and how best to inform Congress?

c. Should a provision be made for agency heads to inform Congress about a problem immediately, without opportunity for effective Presidential review, if the agency believes the circumstances require exceptionally speedy notification of Congress?

The reporting scheme set forth in your letter to Senator Inouye answered each of these questions in the negative, and the IOB's proposed guideline follows that scheme.

6. RECOMMENDATION

a. The IOB recommends that you send the memorandum at Tab B to the Attorney General, the DCI and the Secretary of Defense. David Aaron has reviewed the issues raised by the agencies and our proposed guidelines, and concurs in this recommendation.

b. However, in light of the concern expressed by the Attorney General and the DCI about the possible negative reaction of some congressional committee members, the Board has drafted an alternative version of the guidelines. This alternative version of the guidelines is at Tab D. The alternative imposes time limits for reporting to Congress unless you specifically direct a further deferral. Even if this approach is adopted, Governor Scranton, Senator Gore and I feel a rigid timetable would be unwise, in case you require more time to consult with allies to weigh the ramifications and to implement corrective action. The alternative provides

for the IOB to obtain an additional 30-day deferral, without requiring your immediate staff to keep track of the running time or to request the deferral. If you have referred a matter to Dr. Brzezinski for further action, we would coordinate with the NSC to determine whether the additional 30-day deferral was necessary.

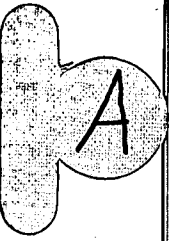
The alternative also contemplates emergencies when an agency head feels a matter must be reported to Congress more rapidly than provided for in this timetable. Nevertheless, he must flag his concern and then discuss the urgency with you or the IOB. There would be instances when despite public disclosure, you will want to defer testifying in detail to Congress. Even when committees are to be briefed immediately, you may want to inform the committee leadership yourself.

The IOB does not recommend this compromise. Although it addresses the concerns of the DCI and the Attorney General, it undercuts the Inouye letter and would substantially weaken your control over the reporting process. While there may be special emergencies handled on a case by case basis, if the guidelines specifically provide for immediate reporting to Congress, such an "exception" is likely to become "the rule." Moreover, in our judgment, this compromise is unlikely to satisfy those members of Congress who might be critical of the guidelines recommended by the Board and the NSC.

7. ACTION

- a. Send letters at Tab B which I have signed.
- b. Send letters at Tab D which I have signed.
- c. Revise as indicated.
- d. Other.

Attachments



THE WHITE HOUSE
WASHINGTON

July 27, 1977

To Chairman Inouye

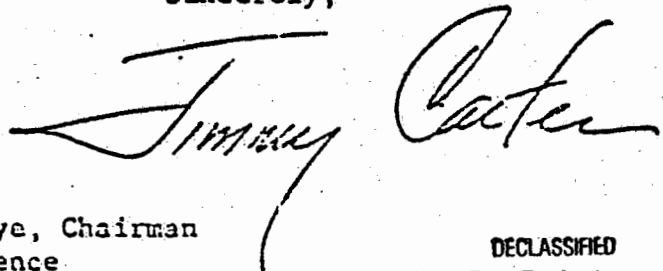
The Chairman of the Intelligence Oversight Board has reported to me on the very useful meetings which the Board had with you, Senator Goldwater, and the members of your staff following my meeting with the Board on June 8.

I want you to know that I consider abuses in the activities of any of our intelligence agencies to be of such import that I intend to deal with such matters personally. To assist me, I will rely on the Board, which as you know reports directly to me any matter which it believes raises a serious question of legality or propriety. When reports of abuses are made to me, I will have them investigated, and when corrective action is warranted, will report to your Committee the nature of the abuse and corrective action taken.

This decision was made after careful consideration of the dialogue between Admiral Turner, Mr. Knoche, and the Senate Select Committee concerning the same subject. I share with you a deep commitment toward institutionalizing effective oversight of foreign intelligence activities. I also recognize the need to keep the Committee as informed as possible. However, for the Executive branch mechanism to operate effectively, the information it receives must obviously be treated on a privileged basis.

I believe that the steps I have outlined will serve to eliminate most quickly and effectively any abuses which may in the future occur in any of our intelligence agencies and simultaneously serve to give the Senate in a timely fashion full and accurate information on what has occurred.

Sincerely,



The Honorable Daniel K. Inouye, Chairman
Select Committee on Intelligence
United States Senate
Washington, D.C. 20510

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Per, Rac Project
ESDN; NLC-126-12-37-1-8
BY KS NARA DATE 4/16/13

THE WHITE HOUSE
WASHINGTON

INTELLIGENCE OVERSIGHT BOARD

February 7, 1978

MEMORANDUM FOR:

THE PRESIDENT

FROM:

THOMAS L. FARMER T.L.F.
CHAIRMAN, IOB

SUBJECT:

Issues for IOB Meeting with President,
February 9, 1978

On the basis of seven months service as the Intelligence Oversight Board, Senator Gore, Governor Scranton and I believe that the steps you have taken to strengthen the intelligence oversight function provide a solid basis for IOB operations. We are concerned, however, that some interpretations being given to the new Executive Order, and proposals being considered for charter legislation, may impair the system you have established. Therefore, we desire clarification from you on the following:

- the procedures under E. O. 12036 for reporting intelligence abuses to Congress
- the IOB's power of inquiry
- the IOB's review of questions of propriety.

I. THERE IS A NEED TO ISSUE AT AN EARLY DATE THE PRESIDENTIAL PROCEDURES, AS PROVIDED IN E.O. 12036, FOR NOTIFYING CONGRESS OF INTELLIGENCE ABUSES

A. ISSUE. Your July 12, 1977 letter to Senator Inouye made clear that you would review and direct correction of questionable activities personally. Subsection 3-403 of the new Order directs agency heads to report promptly to Congress "information relating to intelligence activities that are illegal or improper and corrective action taken or planned." This provision does not

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ESDN; NLG-126-12-37-1-8

BY KS NARA DATE 4/16/13

CLASSIFIED BY CIA
EXEMPT FROM GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652 EX-
EMPTION CATEGORY (U) (S) (C) (R) (N)
AUTOMATICALLY DECLASSIFIED ON
[illegible]
(effective date or event, if any)

indicate who will have made those determinations for the Executive Branch, and the preamble to Section 3-4 provides that reporting to Congress on intelligence matters will follow Presidentially established procedures. (Section 3-4 is attached as Tab A.)

While we understand your intent to be that the Order will be implemented fully consistent with the Inouye letter, some senior intelligence officials and the Senate Intelligence Committee apparently view the Order as superseding the Inouye letter. Under their interpretation, the head of each agency (1) may decide for the Executive Branch whether activities are illegal or improper, and the appropriate remedy, and (2) would report those decisions to Congress so promptly that we believe it might constrain the role of the President in this process.

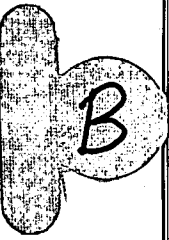
B. DISCUSSION. Your letter to Senator Inouye stated:

"I want you to know that I consider abuses in the activities of any of our intelligence agencies to be of such import that I will intend to deal with such matters personally. To assist me, I will rely on the Board, which as you know reports directly to me any matter which it believes raises a serious question of legality or propriety. When reports of abuses are made to me, I will have them investigated, and when corrective action is warranted, will report to your Committee the nature of the abuse and corrective action taken."

The senior officials of the Intelligence Community have demonstrated a commitment to vigorous oversight. Nevertheless, Presidential control of the process should not be relinquished to the agencies themselves. The President needs an adequate opportunity to consider the proposed remedy, the timing and the manner of informing Congress, from his perspective. The ultimate decisions should be made under consistent standards, free from institutional concerns and pressures at the agency level.

Since the IOB does not have the burden of operational responsibility or agency advocacy, it provides an additional element of protection for the Presidential perspective. We recommend that procedures be issued implementing E. O. 12036 which preserves a cushion of time for the President to make the final determinations and to direct corrective action, having the benefit of independent judgment and review of the facts by the IOB.

I agree
Word positively



THE WHITE HOUSE

WASHINGTON

To Admiral Turner

As I stated in my July 27, 1977, letter to Senator Inouye, I consider intelligence abuses to be of such import that I intend to deal personally with such matters, including the obligation of the Executive Branch to inform the appropriate congressional committees. Therefore, I am writing, pursuant to Section 3-4 of Executive Order 12036, to indicate the appropriate procedures for reporting to congressional committees " . . . information relating to intelligence activities that are illegal or improper and corrective actions that are taken or planned. "

The CIA should continue to report to the Intelligence Oversight Board activities which raise questions of legality or propriety. The IOB will review the matter and, if it raises a serious question, report it to me with its recommendations. If you feel that the gravity of a matter is such that it should be reported directly to me, the information also should be provided at the same time to the IOB so that it can begin its review promptly.

After considering the reports of the CIA and the IOB and, on questions of legality, the judgment of the Attorney General, I will review any determinations that an activity is illegal or improper, the proposed corrective action, and the manner and timing of reporting to the Congress. You will then make the appropriate report on the matter to the congressional committees, except when I communicate the matter to them directly.

In the case of questions of legality or propriety which you believe are so minor that they clearly do not need to be brought to my attention, you should continue directly to inform congressional committees, as well as the IOB, in a timely manner. You may, of course, at any

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ESDN: NLC-126-12-37-1-8

EX-145 NARA DATE 4/16/13

time suspend an activity which raises a serious question of legality or impropriety, until a final determination is made whether the activity should be modified or discontinued and what other corrective action is required.

Admiral Stansfield Turner, USN
Director of Central Intelligence
Washington, D.C. 20505

THE WHITE HOUSE
WASHINGTON

To Secretary Brown

As I stated in my July 27, 1977, letter to Senator Inouye, I consider intelligence abuses to be of such import that I intend to deal personally with such matters, including the obligation of the Executive Branch to inform the appropriate congressional committees. Therefore, I am writing, pursuant to Section 3-4 of Executive Order 12036, to indicate the appropriate procedures for reporting to congressional committees ". . . information relating to intelligence activities that are illegal or improper and corrective actions that are taken or planned."

The Department of Defense should continue to report to the Intelligence Oversight Board activities which raise questions of legality or propriety. The IOB will review the matter and, if it raises a serious question, report it to me with its recommendations. If you feel that the gravity of a matter is such that it should be reported directly to me, the information also should be provided at the same time to the IOB so that it can begin its review promptly.

After considering the reports of the Department of Defense and the IOB and, on questions of legality, the judgment of the Attorney General, I will review any determinations that an activity is illegal or improper, the proposed corrective action, and the manner and timing of reporting to the Congress. You will then make the appropriate report on the matter to the congressional committees, except when I communicate the matter to them directly.

In the case of questions of legality or propriety which you believe are so minor that they clearly do not need to be brought to my attention, you should continue directly to inform congressional committees, as well as the IOB, in a timely manner. You may, of course, at any

time suspend an activity which raises a serious question of legality or impropriety, until a final determination is made whether the activity should be modified or discontinued and what other corrective action is required.

The Honorable Harold Brown
Secretary of Defense
Washington, D. C. 20301

THE WHITE HOUSE

WASHINGTON

To Attorney General Bell

As I stated in my July 27, 1977, letter to Senator Inouye, I consider intelligence abuses to be of such import that I intend to deal personally with such matters, including the obligation of the Executive Branch to inform the appropriate congressional committees. Therefore, I am writing, pursuant to Section 3-4 of Executive Order 12036, to indicate the appropriate procedures for reporting to congressional committees ". . . information relating to intelligence activities that are illegal or improper and corrective actions that are taken or planned."

The FBI should continue to report to the Intelligence Oversight Board activities which raise questions of legality or propriety. The IOB will review the matter and, if it raises a serious question, report it to me with its recommendations. If the FBI feels that the gravity of a matter is such that it should be reported directly to me, the information also should be provided at the same time to the IOB so that it can begin its review promptly.

After considering the reports of the FBI and the IOB and, on questions of legality, your judgment, I will review any determinations that an activity is illegal or improper, the proposed corrective action, and the manner and timing of reporting to the Congress. Either you or the FBI Director will then make the appropriate report on the matter to the congressional committees, except when I communicate the matter to them directly.

In the case of questions of legality or propriety which the FBI believes are so minor that they clearly do not need to be brought to my attention, the FBI should continue directly to inform congressional committees, as well as the IOB, in a timely manner. The FBI may, of course, at

any time suspend an activity which raises a serious question of legality or impropriety, until a final determination is made whether the activity should be modified or discontinued and what other corrective action is required.

The Honorable Griffin B. Bell
The Attorney General
Washington, D. C. 20530





Office of the Attorney General
Washington, D. C. 20530

May 9, 1978

Thomas L. Farmer, Chairman
Intelligence Oversight Board
Room 432, Old Executive Office Building
Washington, D. C. 20506

Dear Tom:

I am responding to the recent request for comments on the draft of a procedure for reporting by intelligence agencies to the Congress on questions of legality or propriety. I see no legal problem with the proposal that all intelligence agencies shall be directed to report questionable activities to the President and the Intelligence Oversight Board and that Congress shall be informed only after the President determines "the manner and timing of reporting to the Congress".

Nonetheless, I see three policy problems in this proposal which I believe are worthy of bringing to the President's attention:

(1) This procedure may burden the President with minor decisions and retard the reporting to Congress.

(2) If an agency head discovers a major question of legality or propriety in his operations, he may wish to make an immediate disclosure to the intelligence oversight committees, especially if this is necessary to warn them that a story is about to appear in the media. In such instances, the prompt report to Congress is in the President's best interests and there may be no time to clear this decision with the President.

(3) This procedure may be viewed by Congress as an attempt to thwart prompt and complete reporting of abuses.

I hope these comments are useful to you.

Sincerely,

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Per: Rac Project

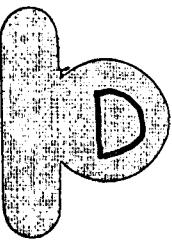
ESDN: NLC-126-12-37-1-8

EX 123 NARA DATE 4/16/12

Griffin B. Bell

Griffin B. Bell
Attorney General

MAY 10 REC'D



THE WHITE HOUSE

WASHINGTON

To Admiral Turner

As I stated in my July 27, 1977, letter to Senator Inouye, I consider intelligence abuses to be of such import that I intend to deal personally with such matters, including the obligation of the Executive Branch to inform the appropriate Congressional committees. Therefore, I am writing, pursuant to Section 3-4 of Executive Order 12036, to indicate the appropriate procedures for reporting to congressional committees ". . . information relating to intelligence activities that are illegal or improper and corrective actions that are taken or planned. "

The CIA should continue to report to the Intelligence Oversight Board activities which raise questions of legality or propriety. If the matter raises a serious question, the IOB will report it to me. If you feel that the gravity of a matter is such that it should be reported directly to me, the information also should be provided at the same time to the IOB, so that it can begin its review promptly.

After considering the reports of the CIA and the IOB and, on questions of legality, the judgment of the Attorney General, I will review any determinations that an activity is illegal or improper, the proposed corrective action, and the manner and timing of reporting to the Congress. You will then make the appropriate report on the matter to the congressional committees, except when I communicate the matter to them directly or request the Attorney General to do so.

If within 30 days following the report by CIA to the IOB, or directly to me, of a matter which the Agency has determined constitutes illegal or improper activity, you have not:

- a. been requested by me to report the matter to Congress;
- b. been informed that other arrangements have been made to inform Congress of the matter; or

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Per, Rac Project
ESDN: NLC-126-12-37-1-8
BY KS NARA DATE 4/16/13

- c. been notified by the IOB that an additional 30 days is required to review the question of legality or propriety, or to determine the appropriate manner and timing of informing the intelligence oversight committees of the Congress;

then you or your designee should report the matter to those congressional committees. If you are notified pursuant to this guideline to defer notice for an additional 30 days, you should at the conclusion of that period report the matter to Congress, unless I personally communicate to you reasons for a further deferral.

If in your judgment special circumstances require reporting an illegal or improper activity to Congress within a time period shorter than those outlined here, you should so indicate at the time the matter is reported to the IOB or, if you are asked to defer reporting to Congress for the additional 30 days, at that time. In any event, you should discuss this concern either with myself or the IOB before undertaking to report the matter to Congress ahead of this timetable.

In the case of questions of legality or propriety which you believe are so minor that they clearly do not need to be brought to my attention, you should continue directly to inform congressional committees, as well as the IOB, in a timely manner.

You may, of course, at any time suspend an activity which raises a serious question of legality or impropriety, until a final determination is made whether the activity should be modified or discontinued and what other corrective action is required.

Admiral Stansfield Turner, USN
Director of Central Intelligence
Washington, D. C. 20505

THE WHITE HOUSE

WASHINGTON

To Attorney General Bell

As I stated in my July 27, 1977, letter to Senator Inouye, I consider intelligence abuses to be of such import that I intend to deal personally with such matters, including the obligation of the Executive Branch to inform the appropriate congressional committees. Therefore, I am writing, pursuant to Section 3-4 of Executive Order 12036, to indicate the appropriate procedures for reporting to congressional committees ". . . information relating to intelligence activities that are illegal or improper and corrective actions that are taken or planned."

The FBI should continue to report to the Intelligence Oversight Board activities which raise questions of legality or propriety. If the matter raises a serious question, the IOB will report it to me. If the FBI feels that the gravity of a matter is such that it should be reported directly to me, the information also should be provided at the same time to the IOB, so that it can begin its review promptly.

After considering the reports of the FBI and the IOB and, on questions of legality, your judgment, I will review any determinations that an activity is illegal or improper, the proposed corrective action, and the manner and timing of reporting to the Congress. Either you or the FBI Director will then make the appropriate report on the matter to the congressional committees, except when I communicate the matter to them directly.

If within 30 days following the report by the FBI to the IOB, or directly to me, of a matter which the Bureau has determined constitutes illegal or improper activity, you have not:

- a. been requested by me to report the matter to Congress;
- b. been informed that other arrangements have been made to inform Congress of the matter; or

- c. been notified by the IOB that an additional 30 days is required to review the question of legality or propriety, or to determine the appropriate manner and timing of informing the intelligence oversight committees of the Congress;

then you or your designee should report the matter to those congressional committees. If you are notified pursuant to this guideline to defer notice for an additional 30 days, you should at the conclusion of that period report the matter to Congress, unless I personally communicate to you reasons for a further deferral.

If in your judgment special circumstances require reporting an illegal or improper activity to Congress within a time period shorter than those outlined here, you should so indicate at the time the matter is reported to the IOB or, if you are asked to defer reporting to Congress for the additional 30 days, at that time. In any event, you should discuss this concern either with myself or the IOB before undertaking to report the matter to Congress ahead of this timetable.

In the case of questions of legality or propriety which the FBI believes are so minor that they clearly do not need to be brought to my attention, the FBI should continue directly to inform congressional committees, as well as the IOB, in a timely manner.

The FBI may, of course, at any time suspend an activity which raises a serious question of legality or impropriety, until a final determination is made whether the activity should be modified or discontinued and what other corrective action is required.

The Honorable Griffin B. Bell
The Attorney General
Washington, D. C. 20530

THE WHITE HOUSE

WASHINGTON

To Secretary Brown

As I stated in my July 27, 1977, letter to Senator Inouye, I consider intelligence abuses to be of such import that I intend to deal personally with such matters, including the obligation of the Executive Branch to inform the appropriate congressional committees. Therefore, I am writing, pursuant to Section 3-4 of Executive Order 12036, to indicate the appropriate procedures for reporting to congressional committees ". . . information relating to intelligence activities that are illegal or improper and corrective actions that are taken or planned."

The Department of Defense should continue to report to the Intelligence Oversight Board activities which raise questions of legality or propriety. If the matter raises a serious question, the IOB will report it to me. If you feel that the gravity of a matter is such that it should be reported directly to me, the information also should be provided at the same time to the IOB, so that it can begin its review promptly.

After considering the reports of the Department of Defense and the IOB and, on questions of legality, the judgment of the Attorney General, I will review any determinations that an activity is illegal or improper, the proposed corrective action, and the manner and timing of reporting to the Congress. You will then make the appropriate report on the matter to the congressional committees, except when I communicate the matter to them directly or request the Attorney General to do so.

If within 30 days following the report by the Department of Defense to the IOB, or directly to me, of a matter which the Department has determined constitutes illegal or improper activity, you have not:

- a. been requested by me to report the matter to Congress;
- b. been informed that other arrangements have been made to inform Congress of the matter; or

- c. been notified by the IOB that an additional 30 days is required to review the question of legality or propriety, or to determine the appropriate manner and timing of informing the intelligence oversight committees of the Congress;

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In the case of questions of legality or propriety which you believe are so minor that they clearly do not need to be brought to my attention, you should continue directly to inform congressional committees, as well as the IOB, in a timely manner.

You may, of course, at any time suspend an activity which raises a serious question of legality or impropriety, until a final determination is made whether the activity should be modified or discontinued and what other corrective action is required.

The Honorable Harold Brown
Secretary of Defense
Washington, D. C. 20301

2801

THE WHITE HOUSE
WASHINGTON
May 30, 1978

Frank Moore
Joe Aragon
Jim Gammill

The attached was returned in the President's outbox today and is forwarded to you for your information. Secretary Califano has been provided a copy.

Rick Hutcheson

	FOR STAFFING
	FOR INFORMATION
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	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
/	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

/	ARAGON
	BOURNE
	BUTLER
	H. CARTER
/	CLOUGH - <i>add to pres request list</i>
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
/	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

Joe - give
me a progress
report 10/1/78
J

Attachment To Weekly Report Dated May 26, 1978:
Status Of Hispanic Employees In HEW

Last year I asked my immediate staff to conduct a critical and comprehensive review of equal employment opportunity within the Department. Their report, submitted to me in March, reveals that Hispanics are underrepresented in HEW compared with their representation in the U.S. population. Hispanics are approximately five percent of the United States population. They make up 3.4 percent of the Federal civilian work force and 2.8 percent of HEW's work force.

The Department's deficiency relative to other Federal agencies results from the low percentage of Hispanics in the Wage System (blue-collar positions). Approximately six percent of these employees government-wide are Hispanic, contrasted with 1.2 percent in HEW.

Hispanics are 2.9 percent of the Department's GS (white-collar) employees, versus 2.6 percent for all Federal agencies. But they are located disproportionately in the Social Security Administration. If SSA is deleted from the analysis, Hispanic employment today remains throughout HEW at the 1974 level of 1.7 percent. There has even been retrogression in some key areas. Few Hispanics occupy the higher level career positions in HEW Headquarters components.

I have taken a number of steps to address the Department's EEO problems, including the underrepresentation of Hispanics.

- First, I have created the office of Deputy Assistant Secretary of Personnel in charge of EEO. This elevates the rank of the person who will have direct responsibility for the Department's affirmative action efforts.
- Second, the Department's affirmative action plans will contain numerical goals and timetables.
- Third, I am incorporating selected EEO problems into HEW's Major Initiatives Tracking System which sets clear, achievable goals for the Department's components that can be monitored by my staff offices. This will ensure that the most serious

problems receive attention at the highest levels, and will also ensure accountability for program results at all levels.

- Finally, I have restructured HEW's Spanish-Speaking Program, incorporating it into an Office for Minority Affairs, whose director will report directly to the new Deputy Assistant Secretary for EEO. While I could not justify retaining at Department level an office whose sole focus would be on Hispanics, I have made clear that the primary focus of the new Office of Minority Affairs will be on Hispanics. This is justified by the current underrepresentation of Hispanics at HEW.

The reorganization, the other changes indicated above and my direct involvement in EEO should produce substantial improvements over time.

2800

THE WHITE HOUSE
WASHINGTON

May 30, 1978

Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

DPS REPORT

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
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	LAST DAY FOR ACTION -

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	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
/	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

THE WHITE HOUSE
WASHINGTON

May 26, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Domestic Policy Staff Weekly Status Report

HEALTH

Hospital Cost Containment: Mark-up in the full Interstate Commerce Committee was put off until next week because the Administration still does not have the votes.

National Health Insurance: Meeting with you scheduled for June 1 to discuss NHI principles. DPS is holding extensive meetings with labor, business and other interest groups.

HUMAN RESOURCES

Welfare Reform: The discussion Secretary Califano had with key House members did not result in a clear-cut decision. An effort will be made over the next week to reach an understanding of the differences between the proposed compromise plan and the Corman subcommittee bill. Although the agencies and interest groups are eager for action this year we are growing increasingly doubtful that an agreement can be reached between Congressmen Corman and Ullman.

Pension Commission: We are finalizing the list of nominees to be recommended to you for membership on the commission. We have had an excellent response from the persons contacted. We are attempting to stress the blue-ribbon character of the commission and avoid appointing representatives from the pension industry itself.

Vietnam-era Veteran PRM: The final PRM memorandum has been delayed by the inability of agencies to complete reports and form reasonable and effective recommendations. We are working with OMB and VA to expedite the process.

AGRICULTURE AND RURAL DEVELOPMENT

Suspension of Meat Import Quotas: We are working with CEA on an analysis of this topic. After consulting with Secretary Bergland and others next week, we will provide you with a decision memo.

Timber Anti-Inflation Study: Though the study has been completed, agency disagreements over interpretation of the results have not been fully resolved. We expect to have a final report to you within about 10 days.

Intermediate Agricultural Export Credit: There are several pending legislative proposals on this topic, including the one Senator Clark spoke with you about. A decision memo will be forwarded to you late next week.

Sugar Policy: We are continuing our efforts to mobilize support for the Administration proposal...though without much help from the Department of Agriculture. Senator Church is talking of a compromise though we think it best to stand firm, at least for the present.

Meat Import Legislation: Representatives from the USDA, STR, State, COWPS, and Esther Peterson testified this week in opposition to the several pending legislative proposals to make the Meat Import Act more restrictive.

NATURAL RESOURCES

Water Policy: Follow-up memorandum to you by end of week, responding to your questions and raising additional points based on consultation. Tentatively planning release of policy early in the week of June 5.

Deep Seabed Mining: We proposed an alternative to Murphy-Breaux language that is consistent with Administration position against guaranteeing the investments of mining companies from impairment due to a Law of the Sea or other international treaty. Made proposal to the three House committees working to draft a composite bill to send to the House floor.

OCS: Conference postponed until June 6th.

Fisheries: Memo to you next week on whether to support Magnuson legislation giving U.S. fish processors preference over foreign processors within our 200-mile fisheries zone.

Alaskan Lands: Working with Frank Moore and Interior. We will work with Senator Jackson to move bill through Senate Natural Resources Committee and suggest to him names of Senators who might be asked to talk with Senator Byrd.

Oil Spill/Hazardous Substances Liability: Senator Muskie has proposed adding coverage for spills of hazardous substances to oil spill liability legislation. Working with OMB, EPA, DOT, and Commerce to develop an Administration position.

ENERGY

Solar Policy Domestic Review: Kick-off meeting held with Assistant Secretaries. Schedule is tight, but doable.

National Energy Act (NEA): Working on strategies for consideration of first four bills and determining COET alternatives with Schlesinger, Blumenthal, OMB, CEA and Frank Moore.

CRBR Agreement with the Congress: Vote in House postponed until after Memorial Day. Discussions with Senators Jackson, Church, and Johnston have failed to produce an acceptable agreement. Committee action not scheduled until after recess.

Nuclear Waste Management: Continuing to work with Interagency Task Force on development of policy options and recommendations.

Oil Pricing: Working with Energy, CEA, NSC, et al. on oil pricing scenarios and relationship to national security.

URBAN POLICY

Thirteen pieces of legislation have been cleared by OMB and sent to the Hill. The sole remaining piece of the legislation, the National Development Bank bill, will be submitted by Treasury to OMB today. We hope to have it cleared by the time Congress returns from the Memorial Day recess.

Ann, Frank and I have been meeting with key Congressmen and their staffs to inform them of our priorities in the urban policy. We expect to push particularly hard for the Supplementary Fiscal Assistance Program, the Labor Intensive Public Works Program, the State Incentive Grants and the Employment Tax Credit. We also will push to get as much action as possible on the Development Bank this year.

HOUSING AND URBAN DEVELOPMENT

New York City Finance Package: Although the City and its unions have not yet reached a labor agreement, they have made substantial progress in resolving the other "local" issues, and hopefully all outstanding issues will be settled shortly. Senate Banking hearings will commence June 5 if these issues have been resolved. We have begun intensive consultations and have organized a business/labor lobbying effort. We are cautiously optimistic on the outcome if the local issues are appropriately resolved.

REGULATORY REFORM

The first milestone has been reached in the process created by the new Executive Order. The agencies are currently publishing drafts of new procedures for issuing regulations. They will be subject to "sunset" reviews. The public is being invited to comment on these drafts.

MISCELLEANOUS

Security Classification: The last interagency disputes have been resolved and the new Executive Order is almost ready for signature. Interested congressional committees and private groups such as Common Cause and the ACLU participated in the drafting process. We expect them to give the order qualified praise.

Privacy: Ben Civiletti presented the new Justice-Treasury position supporting restrictions on Federal agencies' access to bank records to the House and Senate Banking Committees. The general reaction from the privacy proponents was praise that the Executive Branch, for the first time, supports the idea. There was also concern, particularly in the House, about the large exceptions contained in the proposal. We are monitoring closely.

THE WHITE HOUSE
WASHINGTON

May 31, 1978

Jerry Rafshoon

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

WEEKLY LEGISLATIVE REPORT

2805

THE WHITE HOUSE
WASHINGTON

May 30, 1978

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

cc: Rick Hutcheson
The Vice President
Hamilton Jordan
Stu Eizenstat
Jack Watson

WEEKLY LEGISLATIVE REPORT

ADMINISTRATIVELY CONFIDENTIAL

Reproduced Copy Made
for Preservation Purposes

Frank
looks bad
J

THE WHITE HOUSE
WASHINGTON
May 27, 1978

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: THE PRESIDENT
FROM: FRANK MOORE
SUBJECT: Weekly Legislative Report

DOMESTIC POLICY ISSUES

1. ENERGY

-- Rep. Dingell has now said that it may take about eight weeks for House and Senate staffers to complete drafting of the natural gas compromise. Each language provision of the complex agreement is likely to be argued. Final staff drafting of the utility rate reform report is also not yet completed, but there should not be too many problems here. The Conferees have tentatively scheduled another meeting for June 6.

-- DOE advises that Senator Long has indicated that when the present Conferees are discharged and the new Conferees appointed (from Finance and Ways & Means), action on the tax portion could be completed in about two weeks, but this is probably too optimistic.

-- In any event, we are still a long way off from final enactment of the four non-tax portions of the plan, as well as any energy tax bill. Senate filibusters on the natural gas bill as well as a tax bill, if we get one, can be expected.

2. TAXES

-- Treasury advises that fighting diversions such as the Steiger Amendment and the Jones compromise proposal seems to stunt any momentum we may gather for our legislation. Secretary Blumenthal met with Chairman Ullman to try to devise a prospective strategy, and he is talking with Rostenkowski. Next week Treasury will be approaching other Committee Members to see what the negotiating ranges are for a package.

3. REORGANIZATION

Civil Service Reform: CSC reports that Mo Udall is devoting more personal time to reaching a "working consensus" of Democrats on the House Committee on the reform legislation. Scotty Campbell testified at the Committee's final day of hearings, Monday, May 22. The Democrats on the Committee are scheduled to caucus next Wednesday and Thursday hopefully, to reach agreement on the major issues prior to mark-up. The Committee mark-up schedule could begin as early as June 7. Chairman Nix has been (and will continue) presiding at Committee meetings but he is clearly letting Udall take the lead. We hope Nix will continue as it serves to blunt a

Give
all
support
to
Nix

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move by Hanley (next in line to become Chairman of the Committee in the 96th Congress) to assume the Chairmanship role which could be quite disruptive to the Committee's dealing with the Civil Service legislation.

df -- Because negotiations within the Committee are at a critical point, the Civil Service Task Force has requested that no one from the Administration approach the Members on this issue except Scotty Campbell, Les Francis, and Paul Newton (CSC Congressional Liaison).

-- The House Committee met in executive session last Wednesday to review the "Lyle Report" and question Scotty Campbell. Seventeen Members attended. At the conclusion, the Members agreed:

- (1) that the Committee would not spend any more time "investigating" charges surrounding the report but devote their time to the reform legislation;
- (2) very reluctantly that the Administration was correct in not releasing or making public the report (though clearly there is a very strong sentiment by many Members that the report ought to be made public); and,
- (3) that the individuals named in the report did not play a significant role in developing the reform legislation.

-- The House Government Operations Committee set hearings for Tuesday, June 6 on the Civil Service Reorganization Plan. Scotty Campbell and Jim McIntyre will testify.

-- The Senate Governmental Affairs Committee held their first mark-up session on the reform legislation last Monday. Though only six Senators attended (Ribicoff, Muskie, Chiles, Humphrey, Percy and Javits), no votes were taken -- it was a preliminary session to discuss major issues prior to more formal mark-up sessions. Though dates have not been set, mark-up should continue shortly after they return from the Memorial Day recess. The Committee hasn't decided yet whether a separate day of hearings on the Reorganization Plan will be necessary as they have heard testimony on both the Plan and the legislation throughout their hearing process, even though the Plan wasn't formally submitted until this past Tuesday.

Education: Jack Brooks and Jim McIntyre met last Thursday to discuss timing and sponsorship of the House bill. The Chairman asked that OMB provide the Administration's rationale for the transfer of Head Start, Indian education, and child nutrition programs to the new Department. A letter on these issues was delivered to the Chairman on Friday. OMB advises that if Brooks concurs, the Administration could submit a bill to the House to create a new Department of Education within the next ten days.

-- GSA advises that at a meeting with Jay Solomon and Jack Brooks this past week, the Chairman suggested that June 23 would be a good date for the dedication of the new federal building in Beaumont, Texas. The Congressman said, "The President is

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expected to be in Houston at that time, and I would very much like for him to attend this dedication ceremony." When pointed out the potential difficulties involved with this request, the Chairman made reference to the new Education Department bill's being in his Committee.

4. HOSPITAL COST CONTAINMENT

-- The House mark-up is rescheduled for next Thursday. The bill is being strongly lobbied by the AMA, the American Hospital Association, and the Federation of American Hospitals. HEW has not yet worked out an agreement with the labor movement on the wage pass-through (Talmadge continues a firm stand); consequently UAW is the only labor lobby supporting the bill. However, the Leadership and Chairman Rogers and Rostenkowski are working hard to help round-up the votes.

-- HEW's capsule picture of where we stand as of today follows:

With Us (18)

Staggers	Carney	Maguire
Moss	Preyer	Russo
Dingell	Metcalfe*	Markey
Rogers	Scheuer	Walgren
Van Deerlin	Ottinger	Mikulski*
Eckhardt	Moffett	Carter

*Metcalfe and Mikulski need some additional stroking.

Against Us (19)

Satterfield	Collins	Santini*
Kreuger	Madigan	Rinaldo***
Gammage	Moorhead	Luken**
Devine	Moore	Sharp**
Broyhill	Stockman	Gore**
Brown	Frey	Marks**
	Lent	

*Santini has a substitute to continue the voluntary approach and establish a commission to make recommendations for a control program if the voluntary goals are not reached.

**Sharp, Luken and Marks are still possibilities

***Rinaldo might come with us if we get labor.

Leaning Yes or Undecided (4)

Waxman
Florio
Wirth
Skubitz

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No or Leaning No (2)

Murphy
Rooney

-- As the above indicates, we need all four of those in the "leaning yes or undecided" category. That would give us just 22 -- only one more than enough to report the bill. However, we need more insurance than that -- we need to persuade some of our opponents to take a walk and not leave a proxy.

do so -- The Vice President, Secretary Califano, Ambassador Strauss, WH CL staff, and agency CL staff will continue to work the vote. We will give you a list of recommended phone calls before Thursday.

5. AIRLINE DEREGULATION/NOISE BILL

-- Last week Senator Cannon held a hearing on a noise bill which is very similar to the House bill in Title I (to allow the Federal Government to purchase land around airports) and Title II (to earmark 2% of the airport (ADAP) trust fund for noise abatement). These two titles would cost about \$500 million. Sen. Cannon's Senate bill differs from the House bill in that it uses an ADAP loan guarantee rather than a tax surcharge. Senator Cannon, apparently, is concerned about jurisdictional problems with Senator Long's Finance Committee.

-- Our problem continues to be how to keep separate an airline deregulation bill from a noise bill. The aviation industry (strongly supporting the noise bill), and Chairmen Johnson and Anderson are pushing hard to combine the bills in Rules Committee so that both can be taken to Conference. Senator Cannon has talked about keeping the bills separate, but the prospects at this point are quite unclear.

Are we working on Rules Comm? -- House Rules Committee action could come after the Memorial Day recess but is more likely the week of June 5.

-- Domestic Policy staff and White House CL staff met with Secretary Adams and his CL staff last week to discuss the situation. You may want to consider discussing the matter further with the Secretary.

6. APPROPRIATIONS

-- OMB is working on setting up a tabular approach for Congressional appropriations action.

Get a clear picture to me Public Works: The full House Committee is scheduled to mark-up the bill next Wednesday. The House Subcommittee bill now contains about \$400 million of discretionary increases in the Administration's energy technology request (including CRBR funding) and over \$200 million of increases for water projects (including both new starts and acceleration of ongoing projects). The Administration's water policy recommendations, depending on the timing, are very likely to have a difficult collision with this appropriations bill as it moves through the legislative process. Apparently, our recommendations may contain a number of new starts not in the House bill. Last week OMB staff made a low-key attempt to postpone the mark-up until after the release of the water policy study, but this effort was unsuccessful.

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Labor/HEW: The full House Committee plans to mark-up the bill on Thursday. The Subcommittee bill contains about \$887 million of discretionary program increases over the Administration's request. Chairman Mahon's staff has indicated that there may be a possibility of some additional increases during full Committee mark-up. Senate Subcommittee mark-up will continue the week of June 5. Last week, in partial action, the Senate Subcommittee recommended a net increase of \$26.6 million above the House Subcommittee totals, primarily in health programs.

-- OMB CL staff recommend that we make a visible effort to reduce the bill during the Thursday House mark-up. Their suggested strategy follows:

From a budget standpoint, it would be preferable to pass an amendment which would eliminate all increases to our budget; however, this is not politically viable. Even if such a cut were approved in Committee, the Committee would abandon it on the House floor, since this approach would completely negate five months of work by the Members.

HEW, OMB, and the DPS should develop a compromise amendment that would eliminate most (but not all) of the discretionary program increases in the Subcommittee bill. This should be finished no later than early Tuesday afternoon to provide enough time to lay the groundwork for a Congressional lobbying effort by HEW, OMB and the White House.

After the amendment is formulated, we should seek a Democratic sponsor to offer it. We understand that the Committee Republicans will support us if we can advise them early enough, but getting Democratic support will be crucial. When we discuss the amendment, we should say we support it since it brings the bill much closer to the President's budget. However, we should not abandon our preference for the original budget request, so if the bill cannot be contained, we can recommend a veto based on the existing budget base.

ok. be
prepared
to hold
firm.

Interior: The full House Committee marked up the bill last week. The bill provides \$12.7 BILLION in BA reflecting a net decrease of \$118.2 million from our request. However, OMB is concerned that many of the cuts are "paper cuts" (such as reductions to energy programs pending the enactment of authorizing legislation) which disguise significant discretionary increases totaling about \$400 million over our request.

-- House floor action is expected on June 8. OMB will continue to monitor the bill closely.

Legislative: Last week the full House Committee recommended a net decrease of \$25.7 million to the total legislative branch request of \$948.1 million. The Committee accepted a Murtha (D-PA) amendment which would deny an automatic cost-of-living increase for all government employees, in all three branches, earning \$47,500 or more.

HUD/Independent Agencies: The full House Committee marked up the bill last week. The Committee recommended a net decrease of \$308.7 million from the total

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Administration request of \$67.2 BILLION. Major Committee changes from the request include reductions in EPA waste water construction grants, National Science Foundation research programs, and NASA programs; and additions in veterans programs. Committee report language will direct VA to proceed with plans for the Camden hospital.

-- House floor action and Senate Subcommittee action are both scheduled for Wednesday, June 14.

State/Justice: The full House Committee last week recommended a net decrease of \$35 million from our total request, but recommended an increase of \$263.4 million for SBA, including an additional \$200 million for the business loan and investment fund and \$40 million for disaster loans, consistent with authorizing legislation.

-- House floor action is expected on June 12.

Treasury/Postal Service: The Senate Subcommittee held its mark-up session on this bill last week. It recommended a total decrease of \$236.3 million to our request of \$8.7 BILLION. This action represents a reduction of \$207.4 million from the amount already approved by the House full Committee.

-- Some of the major changes made by the Subcommittee are: 1) including language, similar to the House Committee language, that prohibits Treasury's proposed gun-control regulations; 2) decreased the House-approved request for stockpile acquisitions by \$174 million, until Congressional authorization of the acquisitions is completed; and 3) denied the full amount requested to fund the National Center for Productivity and Quality of Working Life since no 1979 authorization had been requested by the Administration (the House Committee recommended funding for the Center).

7. LABOR REFORM

-- In a well-coordinated parliamentary and tactical coup, Senator Byrd introduced his small business amendment on Friday morning. The immediate result was confusion and loss of momentum by labor reform bill opponents.

-- We now have as the pending amendment in the Senate a provision that would begin to deal with one of the significant problems of the bill. Byrd also indicated amendments addressing additional problems would be introduced.

-- We will be making additional calls on labor reform during the recess week. We may recommend one or two additional calls for you, as well. The Vice President has also expressed a desire to be involved.

-- The first cloture petition will still be laid down Monday, June 5. We have submitted a request for time on your schedule that morning to meet with Secretary Marshall and Senators Byrd, Cranston, Williams, and Javits. The purpose of the meeting will be to give impetus to the cloture fight.

8. TUITION TAX CREDIT

-- The bill is tentatively scheduled for House floor action on Wednesday. The headcount on the bill still looks very close; the outcome will probably be

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*to avoid
veto,
which
will come if necessary*

determined by which side has the most absentees. HEW advises that the "Coalition to Save the Public Schools" thinks the difference at this point is three to four votes.

9. ELEMENTARY AND SECONDARY EDUCATION

-- The bill is tentatively scheduled for House floor action on Thursday. Contrary to the Administration's recommendations, the bill would add over \$200 million to the current cost of the impact aid program by expanding coverage to such persons as children of postal employees, increasing payments for certain types of federally connected children, and repealing reforms achieved in the Education Amendments of 1974.

-- The bill also contains other objectionable provisions such as establishing new and unrequested programs, expanding the scope of existing programs, and eroding Executive Branch administrative and managerial discretion.

-- HEW reports that representatives of the impact aid lobby and other education groups appear willing to support some cutback in the level of the Education and Labor Committee's impact provisions. HEW is trying to get them to support a roll-back to current services, but will look to the Senate for a major effort to bring the bill in line if we cannot get the support to succeed in the House. Secretary Califano will send a letter to Chairman Perkins and others expressing concern about this bill.

Veto likely

FOREIGN POLICY AND DEFENSE ISSUES

1. SFRC SALT HEARINGS

*Frank - we are obviously heading for
Shutdown E Congress. Get with Stu &
Jerry to begin PR preparation -*

-- State reports that the first part of Secretary Vance's meeting with the Senate Committee on Friday was devoted to a discussion of your recent statements on legislative constraints and on Cuban involvement in the recent Katangan attack on Zaire.

-- Senator McGovern reported on recent contacts he has had with representatives of the Cuban Government who categorically deny any involvement or knowledge of the attack and state that they have not trained Katangans for the last two years. McGovern requested that evidence supporting the President's statement that the Cubans had participated in training the Katangan force be presented to the Committee. Secretary Vance suggested that the Committee hear from CIA Director Turner on the subject. When the Secretary left the closed hearing, he was confronted with persistent press questioning about the matter and reporters said they had heard that Senators at the meeting were "skeptical."

-- The SALT portion of the SFRC hearing went well. There was a good deal of discussion about ways to educate Congress and the public on the importance of the SALT treaty. Senator Percy said that he was surprised that there had not been a serious political "backlash" after Senate votes on the Panama Canal treaty and the Middle East aircraft package. He said we could indeed go ahead with SALT if the right education job is done. Several Senators, however, warned that the Administration should be very cautious about enflaming attitudes about the Soviet

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Union by discussing their activities in other areas. Many advocated de-linking SALT from these other events.

-- The Secretary responded to several questions on the verifiability of SALT II, including persistent questioning by Senator Glenn on the meaning of "concealment." Glenn is concerned that the Soviets might in some way disguise their activities by using a loophole in the treaty provisions. Senator Javits asked about consultations with the NATO allies over the non-circumvention provision and expressed concern that the Soviets might criticize a transfer of information to NATO even though the agreed language would seem to permit it.

-- Javits and Sarbanes asked how the Administration would head-off amendments to the SALT treaty, particularly in light of the recent precedent on Panama. Javits suggested the need to begin briefings for the entire Senate so that Members would be aware of the different nature of this treaty. A strong consensus developed in urging that we develop a coherent strategy to build public and Congressional support for SALT, McGovern observing that recent polls indicate strong public support.

2. LEGISLATIVE RESTRAINTS

-- There has been considerable congressional reaction to your moves on this issue. After your meeting with Senator Sam Hayakawa and other Senators not on the Foreign Relations Committee, Senator Long called WH CL to volunteer his assistance in removing restraints you felt were tying your hands in conduct of our foreign policy in Africa, particularly the "Clark Amendment." There are indications that the full HIRC will want to hear soon from Secretary Vance on U.S. policy toward Angola and the whole question of legislative restraints. The Administration's support of the French/Belgian rescue efforts in Shaba recieved broad support on the Hill, but Members appear uncertain as to what role the U.S. should play in assisting Zaire to rebuild its economy and defense forces. Republicans could tend to continue to look for ways to use the restraints issue for partisan advantage.

-- State CL staff strongly urges that the legislative restraints issue not be treated publicly as a question of legislative versus congressional prerogatives; instead the stated objective should be to clean up legislation so that U.S. foreign policy objectives can be met promptly and efficiently by the Federal Government as a whole. State worries that we cannot be in the position of threatening congressional authority if we expect to get the votes to eliminate existing impractical restraints.

-- The Ex-Im Bank Authorization bill is tentatively set for House floor action on Thursday and this issue will be a major item of debate (Rep. Dave Obey (Rep. Obey plans a commodities amendment)).

3. TURKISH EMBARGO

-- Prime Minister Ecevit will see the HIRC on Thursday and will speak before the National Press Club at noon that day. We hope that he will reinforce the impact of Turkish-Cypriot leader Rauf Denktash who issued a very positive statement about

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Cyprus on May 22 and made a good impression when he appeared before the HIRC on May 25. The briefings for House Members will continue next week. We hope to use the following week, June 5-9, for appearances on the Hill by Ambassador Ron Spiers and General Haig.

4. DEFENSE ISSUES

-- In its post mortem on House floor action on the DOD Authorization, DOD concentrates on the failure of Rep. Aspin's carrier amendment (defeated 139 to 264) and points out that the Carr substitute was seen as a challenge to the whole committee system and to Chairman Price. When the Carr substitute failed (115 to 287), momentum carried over to the Committee side.

-- In another demonstration of the "hard-line" sentiment in the House this year, an amendment by Rep. Hansen (R-Idaho) to prohibit use of funds for any force reduction or base realignment in the Panama Canal Zone was adopted by a division vote (61 to 35) with almost no debate.

-- During the floor debate, the liberal Members of the HASC charged that the Committee bill was a "Christmas tree", but their only successful (and perhaps symbolic) amendment was to strike funds for a Gulf Stream executive jet for the Marine Corps Commandant that Rep. Sam Stratton had added during a closed-door HASC markup. Prior to floor action, the former staff director of the Committee, now working for a defense contractor, organized a very effective campaign with contractors to oppose all attempts to change the Committee recommendations.

-- Looking ahead, DOD is not optimistic about the chances of Senate adoption during consideration of the authorization bill of the carrier compromise -- we would be bucking Senator Stennis. Within the House Appropriations Committee, the Defense Subcommittee voted 6-6 against the carrier compromise amendment and DOD is planning to work on it in full Committee. OMB advises that there are indications that the Defense Subcommittee is ignoring the recommendations of its staff and is adding considerable amounts to the request, and that defense contractors have been successful in restoring Administration budget cuts for major procurement programs.

5. FOREIGN ASSISTANCE APPROPRIATIONS

-- House debate on the bill is tentatively scheduled for June 15. A difficult floor fight is expected. Long and Young have reserved the right to oppose aspects of their Subcommittee's bill. Long wants to cut an additional \$584 million from the IFI's. Young may try to bar "indirect" aid to Vietnam, Cambodia, Cuba and Uganda. Long's efforts received a setback when the full House Committee rejected his amendment to cut the IFI's by a vote of 22-20; Young did not test his support in either subcommittee or full committee.

6. KOREA

-- Rep. Stratton's Korea amendment to the Defense Authorization was blocked twice on Wednesday -- once on a point of order and once by a vote of 247 to 141. Stratton will probably offer a similar amendment with the Security Assistance bill is considered by the House in mid-June.

-- The HIRC has unanimously recommended a "sense of the House" resolution accusing the Korean Government of not fully cooperating with Jaworski's investigation and

recommending that the House consider reducing non-military appropriations to Korea (e.g., PL-480 and Peace Corps funds) if the Korean Government does not cooperate in the future, particularly by producing former Korean Ambassador Kim Dong Jo to testify "under oath, affirmation or other reliable means." State anticipates that the resolution will pass with overwhelming support sometime next week.

MISCELLANEOUS

-- Senator Randolph was delighted with your visit and feels indebted to you for your efforts to help raise money -- he sold many more tickets to his fundraiser than he anticipated. Also, your generous remarks were an added pleasant surprise for him.

-- Senator Stevenson was also pleased, but his appreciation was probably marred because George Dunne meant to reserve most of the limelight for himself and Mayor Bilandic. The Senator suspects, but cannot confirm, that Executive Branch personnel are responsible for leaks of sensitive information which the Congress shares with the Administration.

-- Senator Baker said last week that the fall-out from ratification of the Panama Canal Treaties is landing on his shoulders, not yours or Senator Sasser's.

-- Frank Church's colleagues are privately griping to the press for what they view as a flip-flop on the recent arms sales issue. We have discouraged the press from writing unfavorable comments about Senator Church, emphasizing that we had no "iron-clad" commitment from him after the additional 20 planes for Israel were included in the package.

good -- Senator Randolph and his staff have indicated that the \$250 million pothole bill passed by the House will be killed in the Senate Public Works Committee.

-- State advises that your decision to go ahead with PL-480 food for Laos should be announced only after interested Members have been informed and the press thoroughly backgrounded. State will make a special effort to generate statements of support from the Hill to offset right-wing retaliation on the assistance appropriation bill.

-- DOL advises that Senate Banking Committee markup on Humphrey/Hawkins will take place on June 8. Proxmire continues to insist on his 3% inflation goal amendment and it will be a close vote.

-- DOL advises that the CETA bill will not be taken up in the House until late June. Action in the Senate is not likely until after the July 4 recess.

-- Treasury advises that Senator Proxmire cancelled NYC aid hearings last week, but did not rule out hearings the week of June 5. A House floor vote is tentatively scheduled for June 6. Treasury is working through a second vote count and the Whip's office is also doing a count.

-- USDA is strongly opposing agriculture appropriations additions that Subcommittee Chairman Whitten rammed through and will meet with each member of the full Committee prior to the markup to persuade them to agree to a USDA letter of appeal which will be filed with Chairman Mahon.

-- Danny Rostenkowski thought your pun on Dunne was terrific.

FLOOR ACTIVITIES, WEEK OF MAY 29

House

Wednesday -- 4 suspensions:

oppose

1) Korea Resolution.

oppose

2) Renames Two Lakes in a Basin Project in Nebraska as the Glenn Cunningham Lake and the Standing Bear Lake. The Department of Army has a general policy of naming such features only in memoriam; therefore, the Administration does not support the naming of the Glenn Cunningham Lake. The Administration has no objection to the naming of the Standing Bear Lake.

oppose

3) R. Shaefer Heard Park. The bill designates a portion of the West Point Lake project on the Chattahoochee River, Georgia as the R. Shaefer Heard Park. Mr. Heard has been a long-time supporter of the project and is currently President of the Middle Chattahoochee River Development Association. However, in view of the Army's general policy, OMB reports that the Administration does not support this legislation.

4) Toxic Substances Control Act Authorization. The bill increases the existing FY 1979 authorization from \$16.2 million to \$50 million. According to OMB, the Administration supports passage of the bill, although it is \$3.5 million higher than the budget request.

oppose

-- State Department Authorization. As you know, the bill contains an objectionable retirement provision for certain Foreign Service employees.

oppose

-- Tuition Tax Credit.

Thursday

oppose

Tuition Tax Credit. Conclude consideration.

-- Ex-Im Bank Authorization.

-- Elementary and Secondary Education Act. Subject to a rule being granted.

Friday

-- Intelligence Community Authorization. The bill authorizes FY 1979 appropriations for intelligence and intelligence-related activities of the U.S. Government, and Intelligence Community Staff and the CIA Retirement and Disability System. It also authorizes personnel strengths. According to OMB, the Administration support enactment of the bill, however NSC staff ask that we make known that the Administration objects to differences from our request.

oppose

-- Solar Power Satellite Research, Development and Demonstration Program. The bill authorizes \$25 million for the Energy Department and establishes the program. As stated in DOE and NASA testimony, the Administration believes that environmental and cost feasibility questions associated with the project can and should be addressed under existing authorities before a commitment is made to hardware development; therefore, the Administration does not support the bill as currently written. However, OMB advises that discussions are currently underway between Administration and congressional committee staffs to determine if the bill can be rewritten to make Administration support possible.

oppose
-- Water Rights for Ak-Chin Indians. Rescheduled. The bill directs the Secretary of the Interior to conduct hydrological and engineering studies to determine if a supply of water for the Ak-Chin Indian community in Arizona can be developed from adjacent Federal lands. Depending on whether or not such a supply of water is available, the Secretary is required to take certain actions. According to OMB, the Administration does not support the bill as currently written; however, the Administration does support the authorization of only a feasibility study. The question of specific levels of water entitlements for the Ak-Chin should be addressed through separate legislation. Mo Udall is the primary sponsor.

Senate

-- The Senate is in recess for the week.

PRESIDENT JIMMY CARTER
COOK COUNTY DEMOCRATIC FUNDRAISER
THURSDAY, MAY 25, 1978

DUNNE → DUNE

SEATH

TICKET

BILANDIC

MAYOR BILANDIC, SENATOR STEVENSON,
CHAMN DUNNE, MRS DALEY - AND LOVAL
DEMOCRATS OF COOK COUNTY.

FR - LLOYD WRIGHT

GREAT BLDGS - MERLYN MART - SEARS - PLAYBOY TOWERS
PLAINS - ELECT - TOASTER / STREET LITES
WEDDING - BILLY - TOAST - PULL TAB
DANNY - POLISH XLATOR ANNUNZIO - "ITALIAN"

THANK YOU FOR THE INTRODUCTION. BEST ORGAN

THERE'S NOTHING LIKE A QUIET EVENING IN CHICAGO
WITH A FEW FRIENDS -- DEMOCRATIC FRIENDS, ESPECIALLY.

I KNOW THAT GOD MUST LOVE COOK COUNTY DEMOCRATS,
OR HE WOULDN'T HAVE MADE SO MANY OF YOU.

AS I WENT FROM ROOM TO ROOM HERE TONIGHT -- AS
I LOOK ACROSS THIS CROWD OF DEMOCRATS, UNITED BEHIND
YOUR CANDIDATES, I REMEMBERED THE REPUBLICAN SLOGAN OF
'72 -- "BRING US TOGETHER".

WE HAVE REALLY BEEN BROUGHT TOGETHER!

--I'VE LEARNED FROM EXPERIENCE.....

I'VE LEARNED FROM EXPERIENCE THAT COOK COUNTRY
DEMOCRATS ARE THE HARDEST-WORKING, MOST LOYAL DEMOCRATS
IN THIS COUNTRY.

YOU MUST BE FOLLOWING THE ADVICE THAT GOVERNOR
ADLAI STEVENSON GAVE US OVER TWO DECADES AGO, WHEN HE
SAID, "IF YOU WANT TO LIVE LIKE A REPUBLICAN, YOU HAVE
TO VOTE LIKE A DEMOCRAT."

THE LAST TIME I WAS HERE, MY HOST AND ESCORT WAS
A GREAT MAN, AND I ONLY WISH THAT DICK DALEY COULD BE
WITH US TONIGHT -- THE MAN WHO MADE CHICAGO SYNONYMOUS
WITH EFFECTIVE, WORKABLE GOVERNMENT -- THE MAN WHO WAS
SO HELPFUL TO OUR EFFORT IN WINNING BACK THE WHITE HOUSE --
A MAN WHOM ALL OF US REMEMBER WITH RESPECT AND DEEP
AFFECTION.

MIKE BILANDIC IS "CARRYING ON"
THAT GREAT TRADITION!

ALDERMEN
HALL CALLS
47-3

I DIDN'T GROW UP KNOWING AND RESPECTING DICK DALEY
AS MANY OF YOU HERE DID.

BUT THERE'S NO ONE WHO TAUGHT ME MORE ABOUT THE
DEMOCRATIC TRADITION THAN HE DID.

DICK DALEY WAS ALWAYS VERY GOOD TO ME -- AND HE
WAS GOOD TO THE PEOPLE OF THE CITY HE LOVED.

AS A CANDIDATE IN 1976, I DREW STRENGTH FROM
THE SUPPORT YOU GAVE ME HERE.

AND I KNOW THAT THE CANDIDATES YOU'VE SUPPORTED
AND SENT TO SPRINGFIELD AND WASHINGTON CANNOT BE EQUALLED
ANYWHERE IN AMERICA.

IT WAS JAKE ARVEY AND THE COOK COUNTY DEMOCRATS
WHO PUT TOGETHER THE GREAT TICKET OF PAUL DOUGLAS AND
ADLAI STEVENSON IN 1948. & SENT HARRY
TRUMAN BACK TO THE WHITE HOUSE.

--IT WAS DICK DALEY AND . . .

~~JACK SEITH~~ 4

IT WAS DICK DALEY AND THE COOK COUNTY DEMOCRATS WHO
HELPED OUR NATION AND ILLINOIS AGAIN BY WORKING TO SEND
ANOTHER ADLAI STEVENSON TO WASHINGTON IN 1970.

AND THIS YEAR, IT WILL BE GEORGE DUNNE, MIKE
BILANDIC, AND THE REST OF THE COOK COUNTY DEMOCRATS
WHO'LL SEND ALEX SEITH TO WASHINGTON AND MIKE BAKALIS
TO THE GOVERNOR'S MANSION.

YOU'VE DONE IT BEFORE. I KNOW YOU CAN DO IT AGAIN.

I KNOW THAT THE REPUBLICANS CAN OUTSPEND US.
THEY JUST ABOUT ALWAYS HAVE MORE MONEY TO SPEND THAN
WE DO.

BUT THEY CAN'T OUTWORK US DEMOCRATS.

THEY CAN'T OUTWORK US IN THE SOUTH SIDE, IN
BRIDGEPORT, EVANSTON, CICERO, OAK PARK, OR ANY OF THE
OTHER TOWNS AND NEIGHBORHOODS OF COOK COUNTY.

AND THE REPUBLICAN PARTY HAS NOT BEEN ABLE TO
EARN THE DEEP AND ABIDING LOYALTIES OF THE PEOPLE OF
THIS COUNTRY.

THE MEN AND WOMEN WHO REMEMBER THE GREAT
DEMOCRATIC PRESIDENTS OF THIS CENTURY -- WOODROW WILSON,
FRANKLIN ROOSEVELT, HARRY TRUMAN, JOHN KENNEDY,
LYNDON JOHNSON -- THEY REMEMBER THE PROMISES DEMOCRATS
MADE, AND THE PROMISES WE'VE KEPT.

MEN AND WOMEN IN THIS TRADITION HAVE GONE TO THE
POLLS AGAIN AND AGAIN TO SEND DEMOCRATIC CANDIDATES TO
WASHINGTON AND TO SPRINGFIELD.

BECAUSE OF LOYAL DEMOCRATS HERE AND THROUGHOUT
THE UNITED STATES, WE HAVE BEEN THE MAJORITY PARTY OF
THIS NATION FOR NEARLY 50 YEARS.

--WE'VE SET THE POLITICAL AGENDA . . .

WE'VE SET THE POLITICAL AGENDA FOR ~~THIS~~ NATION.
THE UNITED STATES OF AMERICA.

WE'VE PROVIDED THE LEADERSHIP -- THE REFORMS --
THE GREAT SOCIAL AND ECONOMIC ADVANCES.

WE'VE BROUGHT PROSPERITY AND JOBS.

WE'VE PROVIDED THE NEW IDEAS, THE NEW FACES,
THE PROGRESSIVE CHANGES.

NOW WE'RE LEADING THE WAY ON THE NEW CHALLENGE
OF OUR ERA -- MAKING OUR GOVERNMENT LEAN AND EFFICIENT
ENOUGH TO DO THE JOB THE PEOPLE WANT IT TO DO.

WE BROUGHT-INTO OUR POLITICAL SYSTEM WOMEN,
YOUNG PEOPLE, IMMIGRANTS, MINORITIES -- AND WE PROVIDED
DIGNITY AND HOPE FOR THEM ALL.

FRANKLIN ROOSEVELT SAID IT SO WELL IN 1932:

"THESE UNHAPPY TIMES CALL FOR THE BUILDING OF
PLANS . . . FROM THE BOTTOM UP AND NOT FROM THE TOP DOWN,
THAT PUT THEIR FAITH ONCE MORE IN THE FORGOTTEN MAN AT
THE BOTTOM OF THE ECONOMIC PYRAMID."

COMPARE THAT TO THE REPUBLICAN PARTY.

ITS ANSWER TO JUST ABOUT EVERY SERIOUS QUESTION
AND PROBLEM IN THIS COUNTRY HAS BEEN ONE WORD -- "NO".

BEFORE I GOT ELECTED WITH YOUR HELP, THE REPUBLICAN
ADMINISTRATION EVEN SAID "NO" TO PUTTING PEOPLE BACK TO
WORK.

--BUT WE DEMOCRATS ARE SAYING . . .

BUT WE DEMOCRATS ARE SAYING "YES" TO BETTER
EDUCATION -- "YES" TO DECENT HEALTH CARE --
"YES" TO A REAL EFFORT TO STOP INFLATION -- "YES" TO
ADEQUATE HOUSING -- "YES" TO TAX REDUCTION AND REFORM --
"YES" TO SOLVING OUR ENERGY CRISIS -- "YES" TO
REORGANIZATION AND EFFICIENCY IN GOVERNMENT -- AND
"YES" TO HUMAN RIGHTS IN OTHER COUNTRIES.

WELL, IN 1976, THE NATION SAID "NO" TO THE
REPUBLICANS.

AND WE'LL TELL THEM THE SAME THING AGAIN IN
NOVEMBER IN COOK COUNTY, IN ILLINOIS, AND IN EVERY
OTHER STATE IN THIS NATION.

WITH THE HELP OF ADLAI STEVENSON, DANNY ROSTENKOWSKI,
AND THE REST OF THE ILLINOIS DEMOCRATIC DELEGATION, WE'VE
ALREADY BEGUN TO TACKLE OUR MOST SERIOUS PROBLEMS.

-- WE ADDED FIVE AND ONE-HALF MILLION NEW JOBS TO
OUR ECONOMY SINCE JANUARY OF LAST YEAR -- A RECORD NEVER
BEFORE EQUALLED IN OUR NATION'S HISTORY.

WE'RE STILL EXPANDING JOBS FOR AMERICANS.

LAST MONTH ALONE, WE CREATED MORE THAN A
HALF-MILLION MORE.

AND WE'RE MAKING SURE THAT COOK COUNTY GETS
ITS FAIR SHARE OF THOSE JOBS.

*BIANDIC
19-250-17000*

-- WE'RE FACING UP TO INFLATION -- NOT BY KEEPING
PEOPLE OUT OF WORK OR BY MANDATORY CONTROLS -- BUT BY
A VOLUNTARY PARTNERSHIP TO PULL DOWN THE WAGE-PRICE
SPIRAL.

WE'VE FROZEN SALARIES FOR FEDERAL EXECUTIVES
TO MAKE SURE THAT THE GOVERNMENT SETS AN EXAMPLE OF
RESTRAINT.

--WE'RE BRINGING THE HUGE . . .

-- WE'RE BRINGING THE HUGE FEDERAL BUREAUCRACY UNDER
CONTROL -- REORGANIZING IT, CUTTING RED TAPE, ELIMINATING
USELESS REGULATIONS.

WE'VE BEGUN TO WRITE NECESSARY REGULATIONS IN
PLAIN LANGUAGE AND WE'RE ^{EVEN} ASKING THE AUTHORS TO SIGN THEM!

-- WE'RE CLOSE TO A NATIONAL ENERGY PLAN -- A
GOAL FOR WHICH ADLAI STEVENSON AND YOUR CONGRESSIONAL
DELEGATION HAVE WORKED SO HARD -- TO BEGIN CUTTING DOWN
OUR DEPENDENCE ON FOREIGN OIL.

-- WE'VE DEvised A NATIONAL URBAN POLICY TO CREATE
A NEW PARTNERSHIP BETWEEN ALL LEVELS OF GOVERNMENT AND
PRIVATE CITIZENS TO PUT NEW LIFE INTO OUR GREAT CITIES.

-- WE'VE REVITALIZED HOUSING PROGRAMS, JOB
TRAINING, PUBLIC TRANSPORTATION, ENVIRONMENTAL PROTECTION,
CIVIL RIGHTS ENFORCEMENT, THE PEACE CORPS.

BIND FAMILIES TOGETHER

-- WE ENDED THE CUTBACKS IN AID TO EDUCATION,
WE INCREASED THAT AID MORE THAN EVER BEFORE
IN HISTORY, AND PUT THE EMPHASIS BACK ON EFFICIENT USE
OF FUNDS FOR BASIC LEARNING SKILLS.

-- WE'RE KEEPING A STRONG DEFENSE FORCE, AND
BREATHING NEW LIFE INTO OUR VITAL MILITARY ALLIANCES LIKE
NATO.

OUR STRENGTH PRESERVES PEACE

-- WE'VE GONE FOR THE PAST YEAR-AND-A-HALF WITHOUT
HAVING ONE AMERICAN SOLDIER SHED BLOOD IN ANY FOREIGN
WAR.

--WE'VE MADE PROGRESS IN THE . . .

-- WE'VE MADE PROGRESS IN THE MOVEMENT TOWARD
PEACE IN THE MIDDLE EAST, BUT NOT IN ANY WAY AT THE
EXPENSE OF OUR SPECIAL RELATIONSHIP WITH ISRAEL OR AT
ANY RISK TO ISRAEL'S SECURITY.

AS I HAVE SAID MANY TIMES, WE WILL NEVER WAVER
FROM OUR DEEP FRIENDSHIP AND PARTNERSHIP WITH ISRAEL AND
OUR TOTAL COMMITMENT TO ITS SECURITY.

-- WE'RE WORKING TO STOP NUCLEAR PROLIFERATION AND
TO REMOVE THE THREAT OF HUMAN DESTRUCTION BY ATOMIC
WEAPONS.

-- AND I'M PROUD TO SAY WE'VE PUT OUR NATIONAL
PRESTIGE ON THE LINE FOR HUMAN RIGHTS IN EVERY CORNER
OF THE WORLD.

WHETHER A COUNTRY IS BEHIND THE IRON CURTAIN
OR NOT, WE WILL NO LONGER BE SILENT ABOUT OPPRESSION
AND INJUSTICE.

WE'RE SAYING, "GIVE YOUR PEOPLE FREEDOM TO
WORSHIP, TO EXPRESS THEMSELVES, TO SHAPE THEIR OWN
FUTURE, TO VOTE, TO LIVE IN PEACE -- TO LIVE IN FREEDOM."

*AS LONG AS I AM PRESIDENT WE
WILL NEVER BACK DOWN ON OUR STRUGGLE
FOR HUMAN RIGHTS AROUND THE WORLD.*

WE'VE DONE ALL THIS IN ^{LESS THAN} JUST A YEAR-AND-A-HALF.

IT'S JUST THE BEGINNING, TOO.

-- WE'RE GOING TO REFORM OUR HEALTH CARE SYSTEM --
TO GUARANTEE DECENT HEALTH CARE FOR AMERICAN CITIZENS.

-- WE'RE GOING TO REFORM OUR WELFARE SYSTEM --
TO CUT WASTE AND TO HELP BREAK THE TRAGIC CYCLE OF
POVERTY ONCE AND FOR ALL.

--WE'RE WORKING TO CUT TAXES . . .

-- WE'RE WORKING TO CUT TAXES AND TO REFORM OUR
TAX SYSTEM -- TO MAKE IT SIMPLER AND FAIR FOR EVERY
WORKING FAMILY.

-- WE'RE GOING TO MAKE SURE THAT EVERY TAX DOLLAR
IS SPENT WISELY -- TO WRING OUT THE WASTE FROM OUR SYSTEM
BY TAKING A CLOSE, HARD LOOK AT EVERY PROGRAM THAT SPENDS
THE TAXPAYERS' DOLLARS.

IN SHORT, WE'RE PUTTING ASIDE THE NEGLECT OF
EIGHT LONG YEARS AND GETTING BACK TO WORK.

WE HAVE STARTED AGAIN ON THE UNFINISHED AGENDA
THAT DEMOCRATS SET FOR OURSELVES NEARLY FIVE DECADES AGO
DURING THE HOOVER DEPRESSION. OUR STEADY
PROGRESS WILL CONTINUE.

THAT STILL MEANS A LOT OF HARD WORK AHEAD --
ELECTING DEMOCRATIC SENATORS AND CONGRESSMEN AND
GOVERNORS AND STATE LEGISLATORS AND MAYORS AND COUNTY
EXECUTIVES AND ALDERMEN WHO CARE ABOUT PEOPLE,....
WHO REPRESENT THE DEEP TRADITIONS OF THIS PARTY.

WE'RE THE OLDEST POLITICAL PARTY IN THE
WORLD -- 186 YEARS OLD -- FORMED AND LED IN THE EARLY
YEARS BY THOMAS JEFFERSON AND OTHER GREAT AMERICANS.

BUT WE DIDN'T COME THIS FAR BY LETTING THE
SYSTEM WORK BY ITSELF.

IT TAKES PEOPLE OF ALL COLORS, BACKGROUNDS
AND AGES, FROM ALL WALKS OF LIFE -- TO KEEP THE
DEMOCRATIC PARTY FRESH AND ACTIVE -- TO WORK NOT JUST
AT ELECTION TIME, BUT EVERY DAY.

--THAT'S WHY WE HAVE BEEN SO . . .

THAT'S WHY WE HAVE BEEN SO SUCCESSFUL -- AND
WILL BE AGAIN THIS YEAR IN COOK COUNTY AND IN ILLINOIS.

SO I CALL ON YOU TONIGHT TO KEEP WORKING FOR THIS
GREAT NATION AND THIS GREAT PARTY OF OURS.

GIVE IT YOUR SUPPORT GENEROUSLY.

KEEP IT ALIVE AND VITAL.

KEEP IT OPEN AND RESPONSIVE AND CARING.

REMEMBER WHERE WE GET OUR STRENGTH -
ABOVE ALL, REMEMBER OUR DEMOCRATIC PARTY HISTORY
AND KEEP IT SERVING THE PEOPLE.

#

SALUTATION--COOK COUNTY DINNER

MAYOR BILANDIC, SENATOR STEVENSON, CHAIRMAN DUNNE,
MRS. DALEY--AND LOYAL DEMOCRATS OF COOK COUNTY.

/NOTE--THE ADVANCE OFFICE RECOMMENDS AGAINST GOING
THROUGH THE LIST OF THE NINE CONGRESSMEN AND ^(SIX) ~~FIVE~~ STATE-
WIDE CANDIDATES PRESENT, SINCE IT WOULD GET SO LONG. IF
YOU WANT TO MENTION THEM, THEY ARE:

CONGRESSMEN DAN ROSTENKOWSKI

SID YATES •

MORGAN MURPHY

FRANK ANNUNZIO

JOHN FARY

• CARDISS COLLINS

RALPH METCALFE

MARTY RUSSO

ABNER MIKVA

ART
BAMSTER

AND

JEROME CONSENTINO, CANDIDATE FOR STATE TREASURER;

RICHARD DURBIN, CANDIDATE FOR LT. GOVERNOR;

RICHARD TROY, CANDIDATE FOR ATTORNEY GENERAL;

ALLEN DIXON, CANDIDATE FOR SECRETARY OF STATE;

MICHAEL BAKALIS, CANDIDATE FOR GOVERNOR;

ALEX SEITH, CANDIDATE FOR SENATOR. (THEY COULD ALL BE,

"THE NEXT SENATOR FROM ILLINOIS, NEXT GOVERNOR" ETC)

THE WHITE HOUSE
WASHINGTON

June 30, 1978

Stu Eizenstat
Bob Lipshutz

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

COST OF LIVING ALLOWANCES FOR
FEDERAL EMPLOYEES

THE WHITE HOUSE
WASHINGTON
May 30, 1978

Chairman Campbell
Jim McIntyre

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat
Bob Lipshutz
Frank Moore
Jack Watson

RE: PROPOSED AMENDMENT TO THE EO
ON COST OF LIVING ALLOWANCES
FOR FEDERAL EMPLOYEES

THE WHITE HOUSE
WASHINGTON

Mr. President:

Stu and Frank Moore concur in this recommendation.

Stu adds that the reason there should not be a reversal by the Civil Service Commission of its 1974 reinterpretation is that the affected employees would then become entitled to a refund of approximately \$25-30 million. Hence, you must (prospectively) change the Executive Order.

Stu and Frank stress that Cong. Cecil Heftel, of Hawaii, and a member of the House Post Office and Civil Service Committee, is now at the point of deciding whether to act on civil service reform this year. He is extremely interested in this matter and has vigorously urged the Administration to reverse the Commission's 1974 interpretation.

NSC has no comment.

Rick (wds)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

①

MAY 24 1978

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Proposed Amendment to the Executive Order
on Cost of Living Allowances for Federal
Employees

We are recommending an amendment to the Executive Order (No. 10000 of 1948) which sets policy for cost of living allowances for Federal civilian employees in Alaska, Hawaii, Puerto Rico, the Virgin Islands, Guam and other U.S. territories and possessions. The Order now requires that the Civil Service Commission, in fixing the amount of the allowance, take into account receipt of benefits such as military commissary and exchange privileges, or housing and medical/dental care--whether or not receipt of these perquisites stems from an employee's current civilian employment. Recent enforcement of this provision has caused an explosive situation to develop among affected employees, their union representatives, and their Congressional delegations.

Background

About 35,000 employees are currently being paid a cost-of-living allowance (COLA), 15,000 of them in Hawaii. The extra pay is based on the extent to which the cost of living exceeds costs in Washington, D.C. Although the Order authorizing COLA was signed in 1948, the provision requiring consideration of other benefits in calculating the size of the COLA was never enforced until 1974 (Guam and the Virgin Islands) and 1976 (Hawaii and Alaska).

At those times, surveys showed that there were significant differences between the cost of living in the private marketplace and those associated with Government subsidized facilities. Based on these findings, the Commission ordered significant reductions, and cancellation in some locations, of the allowance rates paid to employees with access to the subsidized facilities.

The changes have brought about an explosive reaction by affected employees and sharp criticism from the Congressional delegations that represent them. Four bills have been introduced in the Congress to nullify the Commission's action; they would, in effect, amend the Executive Order by statute. Two civil action suits have been filed challenging the legality of the action; in one of these, the court has ruled against the CSC and ordered restitution of the full allowances.

Employees protesting the Commission's actions fall into two main groups: retired military and their spouses, one or both of whom are working as Federal civilian employees, and spouses of active duty military personnel who hold Federal civilian positions. Both groups have access to commissary/exchange facilities and military medical benefits. Active duty military spouses may occupy cost-free military housing as well as receiving additional compensation under a separate cost of living allowance program.

Analysis

The contested provision provides unequal pay for equal work in any single allowance location. Moreover, its enforcement is regarded by those affected as another form of eroding military benefits. It is also condemned as requiring discrimination based on sex and marital status. On the other hand, mainland employees receive nothing similar to COLA, even though living costs vary as much among mainland cities as between Washington, D.C. and most allowance areas. In nearly all allowance locations, regular Federal pay rates would be competitive with local non-Federal pay, while in Alaska Federal pay lags far behind local pay even with the maximum COLA of 25 percent.

Recommended Course of Action

A complete overhaul of this obsolete program is in order. We propose that you direct Chairman Campbell to conduct a study of the statute and to develop and recommend long-term solutions.

However, in order to deal with the critical short-term issue, we recommend that you now approve an amendment of Executive Order 10000. This recommendation is strongly supported by DOD. Amendment of the order would suspend application of that provision which requires considering

Government subsidized facilities in fixing allowance rates (except for those who have access only by reason of their own current civilian employment) pending completion of the staff study. This approach would deal with the central issue in the controversy and restore allowance payments for the interim period to most employees (annual cost \$10 to \$12 million).

Approve _____

✓

see below J

Disapprove _____

If you approve, we then will prepare an Executive Order and a memorandum to the Commission regarding the necessary study of the statute. We will also participate in the development of a press plan to announce your decision.

[Signature]
Alan W. Campbell
Chairman
Civil Service Commission

[Signature]
James T. McIntyre, Jr.
Director
Office of Management
and Budget

*Include in EO provision
to apply adjustment to
those who do not have/use
special housing and
Commissary privileges
J*

THE WHITE HOUSE

WASHINGTON

May 27, 1978

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: McIntyre/Campbell Memo on Cost
of Living Allowances for Federal
Employees

I urge you to approve the recommendation of Scotty Campbell and Jim McIntyre to amend Executive Order 10000, concerning cost of living allowances for Federal employees. As their memo explains, this decision will reinstate the interpretation of the order in effect from its inception in 1948 to 1974, thereby increasing the salaries paid 35,000 Federal employees in Alaska and Hawaii to the level in effect until 1974. These employees believe that it was unfair for the previous Administration to change a 26-year interpretation for employees who had lived under a higher standard for that substantial time. Scotty, Jim, and DOD believe there is a reasonable basis for the employees' concern, and I concur.

The reason why this result should not be achieved through a reversal by the Civil Service Commission of its 1974 reinterpretation is that the affected employees would then become entitled to a refund of approximately \$25-30 million. Hence, you must (prospectively) change the Executive Order.

Stu and Frank stress that
Congressman Cecil Heftel, from Hawaii, who ^{and a} ~~as you know~~ is a member of the House Post Office and Civil Service Committee, is extremely interested in this matter, and has vigorously urged the Administration to reverse the Commission's 1974 interpretation.

Frank Moore concurs in this recommendation also.

— now on the point of deciding whether to act on civil service reform this year —

THE WHITE HOUSE

WASHINGTON

May 27, 1978

MEMORANDUM FOR: THE PRESIDENT

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SUBJECT: McIntyre/Campbell Memo on Cost
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The reason why this result should not be achieved through a reversal by the Civil Service Commission of its 1974 reinterpretation is that the affected employees would then become entitled to a refund of approximately \$25-30 million. Hence, you must (pro'spectively) change the Executive Order.

Congressman Cecil Heftel, from Hawaii, who as you know is a member of the House Post Office and Civil Service Committee, is extremely interested in this matter, and has vigorously urged the Administration to reverse the Commission's interpretation.

Frank Moore concurs in this recommendation also.

WASHINGTON

DATE: 25 MAY 78

FOR ACTION: STU EIZENSTAT

BOB LIPSHUTZ

FRANK MOORE (LES FRANCIS)

ZBIG BRZEZINSKI NC

INFO ONLY: THE VICE PRESIDENT

JODY POWELL

ANNE WEXLER

CHARLIE SCHULTZE

SUBJECT: MCINTYRE CAMPBELL MEMO RE PROPOSED AMENDMENT TO THE
EXECUTIVE ORDER ON COST OF LIVING ALLOWANCES FOR FEDERAL
EMPLOYEES

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM SATURDAY 27 MAY 78 +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW: